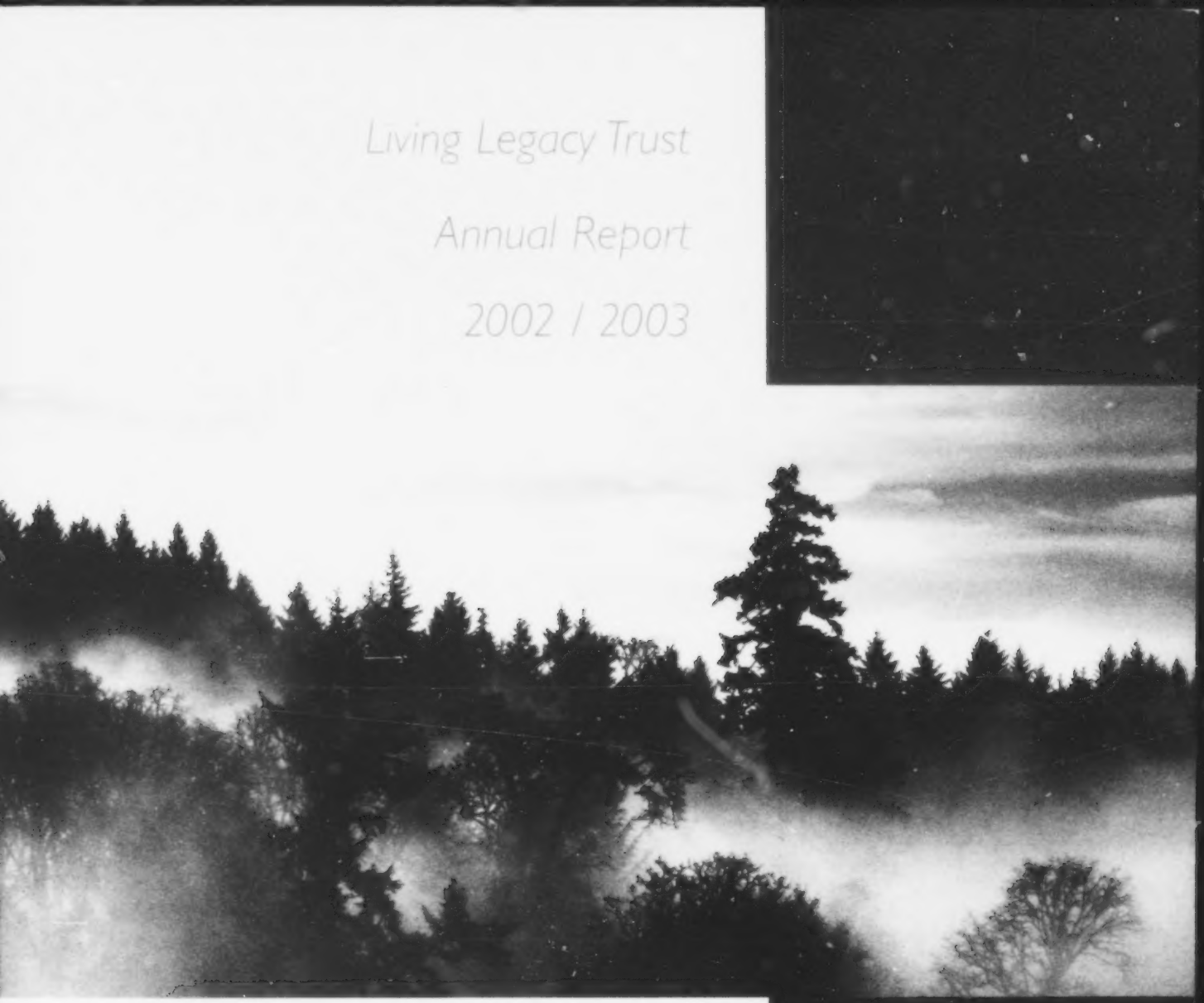
Living Legacy Trust

Annual Report

2002 / 2003



Living Legacy Trust

The Living Legacy Trust invests in projects that advance sustainable natural resource management and bring environmental, economic and social benefits to the people of Ontario.

Objectives

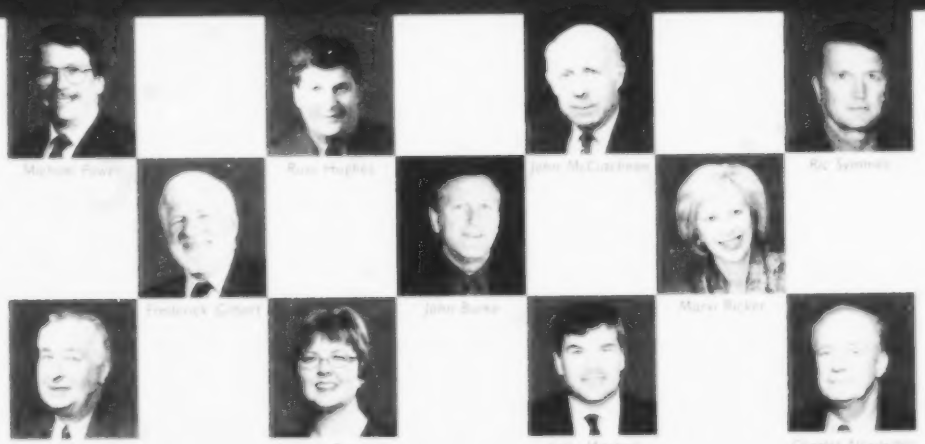
To facilitate partnerships and cooperation amongst stakeholders with interests in the sustainable use and conservation of Ontario's natural resources.

- To support projects that extend resource management practices in Ontario and go beyond what industry and government have traditionally done.
- To leverage financial and in-kind support for projects that address the environmental, economic and social needs of northern Ontario.
- To support projects of the highest quality and of the greatest benefit to the people of Ontario.

Core Values

- The board of directors of the Living Legacy Trust seeks consensus on all granting decisions.
- The Living Legacy Trust provides eligible applicants with a fair and open application and project approval process.
- The Living Legacy Trust is committed to sharing knowledge and the results of all projects funded.
- The Living Legacy Trust disseminates up-to-date information about the Trust's programs and project funding through its website at www.livinglegacytrust.org and through ongoing communications activities.

Board of Directors



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Board of Directors

Michael Power

Russ Hughes

John McCutcheon

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Background

The Living Legacy Trust was established in 1999 as part of Ontario's Living Legacy – the end result of the provincial government's Crown land planning initiative called Lands for Life.

Ontario's Living Legacy is a strategy for ensuring the long-term health of Ontario's natural resources. It produced the largest expansion of parks and protected areas in the history of the province, and includes measures to improve the business climate for Ontario's resource-based industries.

The Living Legacy Trust was established primarily to invest in opportunities to enhance sustainable resource management on Crown land in northern Ontario. The Trust is also helping the forest industry deal with some of the transitional challenges that it faces as a result of the land use planning decisions. By facilitating partnerships and providing leverage, the Living Legacy Trust is contributing to the continued economic health of northern communities.

The board of directors of the Living Legacy Trust includes representatives from the Ontario Forest Industry Association, the Ontario Lumber Manufacturers' Association, the Federation of Ontario Naturalists, the World Wildlife Fund, the Association of Municipalities of Ontario, the Ontario Ministry of Natural Resources, and northern universities. Four members-at-large make up the balance of the eleven-member board.

The Living Legacy Trust has a five-year mandate that expires on March 31, 2004. The provincial government allocated $30 million to the Trust to support its nine funding programs. The Trust is focusing on proposals and partnerships that leverage provincial funding so that the benefits of this support extend well beyond the life of the Trust.

Highlights

2002/2003 marks the end of the fourth year of the Living Legacy Trust. Projects are now being supported in all nine funding programs. Here are some of the highlights from the past year:

• Our Annual General Meeting was held at the Bushplane Heritage Centre in Sault Ste. Marie in June, and featured demonstrations and displays from a number of Trust supported projects. Over 200 people attended the meeting to hear special guest Rex Murphy, host of CBC's Cross Country Check-up, speak of challenges and opportunities in northern Ontario.

• The Trust received 25 responses to our special call for proposals to address information and science gaps. Specific gaps relate to protection of species and wildlife communities, understanding disturbance effects and response, and socio-economic benefits of resource management.

• In February, the Trust sponsored a workshop on biodiversity conservation, bringing together researchers, practitioners, and policy analysts from across Ontario. Current research findings were presented and discussed, and opportunities for collaboration identified.

• Trust funding continues to upgrade the skills of northern Ontario's workforce. This year, the Forest Employment Opportunities Program created 348 jobs. Many of these jobs are for young people who are getting their first work experience in forestry.

• The Trust initiated an operational review program, conducting structured reviews of four of our largest grants, the Whitefeather Forest Initiative, the Moose Band Forestry Project, the Forest Research Partnership, and the Forest Ecosystem Science Coop tree improvement program. The reviews confirmed that these ambitious programs are all making excellent progress.

• The Trust supported 55 new projects this year, bringing the total number of projects supported to 118.

• New projects generated grants totaling $10,686,065. To date, the Living Legacy Trust has made grants totaling $26,122,370 and leveraged over $43,187,155 in both cash and in-kind contributions from grantees and other funding partners.

• The Trust continues to receive applications from a wide range of stakeholders, including forest companies, municipal economic development offices, universities and colleges, government and non-government organizations, First Nation communities, outdoor recreation organizations and community groups.

Message from the Chair

As we move into the final stretch of the Living Legacy Trust's five-year mandate, it is gratifying to look back on the wide variety of resource management projects the Trust has funded. These projects are helping to meet the environmental, economic and social needs of northern Ontario.

To the end of this fiscal year, the Trust has granted approximately $26 million to 118 projects. The contributions from the Trust have leveraged an additional $43 million in cash and in-kind contributions.

The value-added markets in North America are worth over US$200 billion annually and are growing at a much faster rate than the US$35 billion commodity sector. It is generally agreed that a value-added wood products industry would help alleviate the population drain occurring in many northern communities and lead to a revitalization of many of them through new opportunities.

To further our understanding of this dynamic sector, the Trust has commissioned Peter Woodbridge & Associates to do a market research study of specific wood value-added products and markets in the Great Lakes States. This report will identify growth areas and address market opportunities, complementing our original benchmark report. In this way the Living Legacy Trust is helping to build momentum for the North's private sector to develop a larger and more prosperous solid wood value-added manufacturing sector in northern Ontario.

The Trust has also advanced forestry science by moving the yardsticks forward regarding forestry practises throughout northern Ontario. The investments we have made in the science of forestry will pay long-term dividends through the improvement of forest industry practices in the province. This will lead to increased harvest yields while enhancing the productivity of the forest for future generations.

The investments that the Trust has made with the First Nations north of the undertaking appear to be bearing fruit. The Whitefeather Forest Management Corporation has gone a considerable distance down the road to eventually having a sustainable forestry licence on their traditional land. This will be one of the first controlled by a First Nation when it happens.

One of the achievements of the Trust has been to foster the unique partnership between the forest industry, environmental groups and government. This is reflected on the board of directors and in the projects funded.

The staff and board of the Living Legacy Trust continue to be committed to its purposes and during the last year of the Trust will continue to promote the innovative natural resource management projects that will pay long-term dividends to the people of Ontario.

Michael Power

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Message from the Executive Director

The Living Legacy Trust is increasing participation in natural resource management in Ontario in meaningful ways.

It is gratifying to receive quality applications for projects that have been identified, planned, and ultimately implemented and evaluated, by people drawn together from the forest industry, conservation organizations, community groups, universities and colleges, First Nations, and provincial and federal government agencies. The Trust is also encouraging collaboration between projects, often through introductions and information exchange, and occasionally through conditions on grants. As a consequence of this high level of participation and collaboration, we believe that the projects being supported will improve the sustainability of our natural resources now and into the future.

This year, we had several opportunities to feature many of the projects supported by the Trust, including events associated with our Annual General Meeting in Sault Ste. Marie in June, and our biodiversity conservation workshop in February. Through site visits and operational reviews throughout the year, board members and staff have become better acquainted with many of the projects on the ground.

We have also introduced improvements to our website, both increasing the kind of information posted and expanding links to related sites. You can find the website at www.livinglegacytrust.org

All new and past projects are listed in this report; though only eight projects have been selected to profile here, there are many more exciting initiatives underway.

As well, since the end of fiscal year 2002/2003, the board of directors have approved an additional 35 projects, bumping the total value of grants made to over $30,000,000. Though these most recent grants are not listed in this report, they are now posted on our website.

The momentum achieved by the Living Legacy Trust would not have been possible without the sustained effort of volunteers from across the province, beginning with the board of directors. This board has set the bar in terms of commitment and focus. Our science advisory committee has worked tirelessly to assess the relevance, quality and impact of information and science related applications. Peer reviewers have worked to our deadlines with considered and constructive comments. Our value added committee has expanded our network and strengthened our efforts to provide strategic information on solid wood value added. And countless people have volunteered their time and expertise in order to prepare applications and to deliver projects. Thank you all.

In this fifth and final year, the Living Legacy Trust will conclude granting and bring more emphasis to monitoring and transferring project results. I am confident that in the end, together we will have made a significant contribution to sustainable resource management in Ontario.

Karan Aquino

Living Legacy Trust Funding Programs

1. **Loss of use of roads and bridges**

   To provide compensation to forest companies for loss of use of capital investments in permanent infrastructure that are directly related to Lands for Life regulated land withdrawals.

2. **Multi-purpose access roads**

   To fund improvements to multi-purpose access roads on Crown land required due to changes in resource access as a result of Lands for Life land use planning decisions.

3. **Far North forestry development**

   To help fund community-based land use planning projects and strategic data collection in areas north of the currently licensed Forest Management Units.

4. **Forest science data collection and research**

   To advance forest science research and knowledge specifically relating to increased utilization of Crown timber, and to investigate intensive silvicultural practices. Projects must have matching contributions of cash or in-kind support.

5. **Forest employment opportunities**

   To increase the quality and quantity of Crown wood and create training and employment opportunities, with a focus on youth employment. The Trust will provide a maximum of $20,000 per new worker annually.

6. **Value-added wood manufacturing**

   To provide strategic information on the solid wood value-added sector in Ontario, specifically baseline and benchmark information on products and markets, and the definition of future opportunities for growth and expansion.

7. **Scientific data on fish and wildlife**

   To improve resource management practices that impact on fish and wildlife populations and habitat.

8. **Ecological approach to fish and wildlife management**

   To develop science-based guidelines and tools promoting an ecological approach to fish and wildlife management.

9. **Benefiting northern communities through fish and wildlife resources**

   To benefit small rural communities by improving access to fish and wildlife resources and by improving habitats. Funding from the Trust must be matched by local cash and in-kind contributions.

Approved Projects 2002 / 2003

Project: Community-based Land Use Planning Project
Grantee: Whitefeather Forest Management Corporation
Amount: $364,530 over 15 months

Project: Biophysical data Collection 2002/2003
Grantee: Whitefeather Forest Management Corporation
Amount: $559,819

Project: Dyson Lake Block and Bridge Over the Quinn River
Grantee: Clergue Forest Management Inc.
Amount: $57,847

Project: A Project to Improve Forest Access Roads on the Algoma Forest Part 2 – Whitman Dam Road
Grantee: Clergue Forest Management Inc.
Amount: $121,000

Project: Biophysical Data Collection 2003/2004
Grantee: Whitefeather Forest Management Corporation
Amount: $670,788

Project: Northern Ontario Plant Database and Website
Grantee: Algoma University College
Amount: $125,000 over two years

Project: Development a Comprehensive Recreation Planning Framework
Grantee: The Akervall Centre for Outdoor Recreation at Lakehead University
Amount: $452,490 over two years

Project: Evaluating the Impact of Forestry on Bird Communities in Northern Ontario
Grantee: Bird Studies Canada
Amount: $500,000 over two years

Project: Effects of Intensive Forest Management on Aspects of Biodiversity at Multiple Scales
Grantee: The Canadian Forest Service, Great Lakes Forestry Centre
Amount: $314,000 over two years

Project: Northern Goshawk Habitat Project
Grantee: Forest Ecosystem Science Co-operative Inc.
Amount: $68,000

Project: Northeastern Ontario Enhanced Forest Productivity Pilot Project
Grantee: Forest Research Partnership, Canadian Ecology Centre
Amount: $100,000 over two years

Project: Old Study Measurement for Intensive Forest Management Practices
Grantee: Forest Research Partnership, Canadian Ecology Centre
Amount: $100,000 over two years

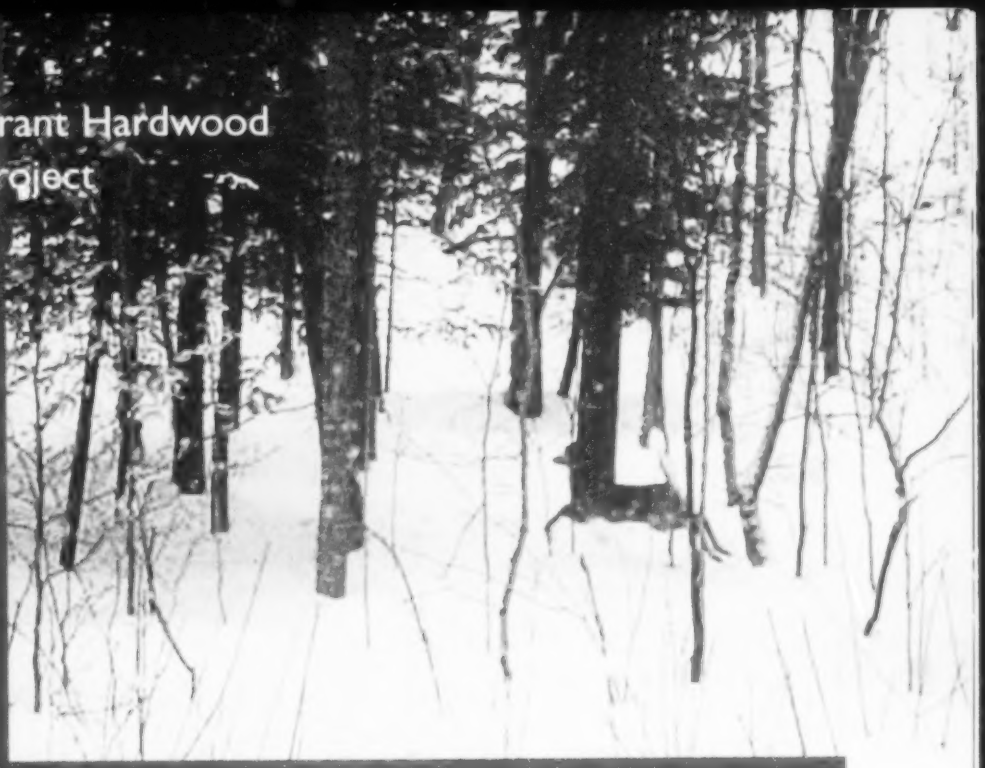
Project: A Legacy Forest to Study the Long-term Impacts of Intensive Forest Management on Forest Sustainability
Grantee: Lakehead University, Faculty of Forestry and the Forest Environment
Amount: $933,170 over two years

Project: Linking Nutrient Based Aquatic Ecology and Biodiversity in Small Streams and Standing Water Bodies in Intensive Forest Management
Grantee: Lakehead University, Faculty of Forestry and the Forest Environment
Amount: $590,400

Project: Effects of Angling Regulations and Access on Recovery of Lake Trout Populations
Grantee: Laurentian University, Cooperative Freshwater Ecology Unit
Amount: $119,741

Project: Development of Landscape Genetics as a Novel Management Tool for Ontario's Parks & Heritage sites
Grantee: The Natural Resources DNA Profiling and Forensic Centre at Trent University
Amount: $180,000 over two years

Loring Deer Yard Tolerant Hardwood Stand Improvement Project



Nipissing Forest Resource Management Inc. (NFRM) has received $465,000 over three years from Living Legacy Trust for the 'Loring Deer Yard Tolerant Hardwood Stand Improvement project'.

The Loring Deer Yard is a region of about five hundred square kilometres centred on the villages of Golden Valley, Arnstein and Loring. This area holds the largest concentration of wintering white-tailed deer in Ontario, estimated at between 12,000 and 15,000 animals.

Most of the Loring Deer Yard falls within the NFRM, a partnership of five forest companies operating in the North Bay area.

During harsh winter conditions, deer traditionally migrate to sheltered areas across the province. The Loring Deer Yard with its variety of hardwood stands and conifer cover provide ideal winter habitat conditions. The scattered patches of hemlock in the yard are especially important in providing winter thermal cover. However without some disturbance (selective thinning) in these hardwood forests the availability of browse, made up of young tree and shrub buds and shoots is becoming scarce.

Peter Street, forester and NFRM general manager says, "One of our primary goals is to improve the health and quality of the forest. By removing diseased and defective trees, we help create a more productive forest with a higher quality of timber."

The stand improvement treatments will result in a commercial stand with an increased amount of Acceptable Growing Stock material and more quality and sawlog potential required by the local forest industry. In addition, by cutting unhealthy trees, immediate short-term browse is provided for hungry deer, and the new growth that takes over the cut areas provides long term benefit in subsequent years.

Work will be conducted in the late fall and winter months to maximize the browse benefits to the white-tailed deer. With a workforce of approximately 22 people, it is expected that about 1,400 hectares can be treated each year.

Another benefit from this project is the economic opportunities for Aboriginal communities within the Nipissing forest. Members from the Dokis, Temogami, Antoine and Nipissing First Nations as well as Mattawa/North Bay Algonquins have been employed during the traditionally slow winter season and were provided with the Young Forestry Services chainsaw training operator course.

"This stand improvement project, which would not have been done during the winter without LLT's financial involvement, is an all around win-win situation," says Peter. "It provides employment to First Nations, helps create a healthy forest and ensures that the deer are provided with much needed winter browse."

Approved Projects 2002 / 2003

Project: Rainy River First Nations Resource Stewardship Framework
Grantee: Rainy River First Nation
Amount: $179,500

Project: Developing Sustainable Mixedwood Practices in a Stand Level Adaptive Management Framework
Grantee: Upper Lakes Environmental Research Network
Amount: $489,200 over two years

Project: Fallingsnow Ecosystem: Biodiversity, Wildlife Habitat and Economics
Grantee: Upper Lakes Environmental Research Network
Amount: $264,000

Project: Spatial and Temporal Decision Support Tools for Evaluating Impact of Forestry Activities and Wildlife Disturbance on Indicator Species
Grantee: Upper Lakes Environmental Network
Amount: $99,975 over one and half year

Project: Multi-Scale Habitat Selection by Flying Squirrels in the Great Lakes-St. Lawrence Region of Ontario – Project Enhancement
Grantee: University of Toronto, Faculty of Forestry
Amount: $33,787

Project: Boreal Wolverine: A Focal Species for Land Use Planning In Ontario's Northern Boreal Forest
Grantee: The Wolverine Foundation Inc.
Amount: $248,300 over two years

Project: Domtar White River Forest Employment Opportunities
Grantee: Domtar, White River Division
Amount: $13,328

Project: Youth Employment Through Stand Tending and Measurement in the Pineland-Martel Forest
Grantee: Domtar, Pineland-Martel Forest
Amount: $103,334

Project: Forest Employment Opportunities in the ShiningTree Forest
Grantee: ShiningTree Forest Inc.
Amount: $10,836

Project: Yellow Birch Restoration on the Nipissing Forest
Grantee: Nipissing Forest Resource Management Inc.
Amount: $100,000

Project: Employment Opportunities in the Caribou and English River
Grantee: Northland Forestry Consultants and Contractors
Amount: $200,000

Project: Northern Forest Improvement and Employment Initiative
Grantee: The Wilderness Group
Amount: $760,000

Project: Tending Projects on the Romeo Malette Forest
Grantee: Millson Forestry Service
Amount: $80,000

Project: Employment Opportunities with Woodlot Forestry Service
Grantee: Woodlot Forestry Service
Amount: $160,000

Project: Commercial Thinning on the Hearst Forest
Grantee: Thunderhouse Forest Services
Amount: $60,000

Project: Thinning Tree Release Project
Grantee: Rugby Lake Cedar Works
Amount: $20,000

Project: Intensive Cone Collection Program
Grantee: Haveman Brothers Forestry Service Ltd.
Amount: $128,400

Project: Whitesand Forestry Employment Opportunities in Ontario
Grantee: Whitesand Forestry
Amount: $200,000

Whitefeather Forest Management Initiative

The community of Pikangikum is playing a leadership role in the stewardship of its lands and resources through the Whitefeather Forest Management Corporation (WFMC). This corporation, through the Whitefeather Forest Initiative, is currently working to complete planning requirements to obtain commercial forest management responsibilities from the Ministry of Natural Resources (MNR).

The Living Legacy Trust has granted the WFMC $924,349 to continue to develop their Whitefeather Forest Initiative through community based land use planning.

Alex Peters, President of Whitefeather Forest Management Corporation says, "We have been living here since the beginning of time and have the best knowledge of the land. We have a community land use planning process to guide our initiative. We developed it to meet our own needs. Our process is grounded in our customs and traditions. This is why it has empowered the entire community, especially the Elders who are guiding the Whitefeather Forest Initiative. They have joined with our youth to embrace its great economic potential."

The community based land use planning process guides the development of options and proposals for land use within the Whitefeather Forest Planning area. This includes planning within the community and dialogue and relationships building with other First Nations, environmental groups, and forestry and other resource based industries.

In addition, the project gives funds for biophysical data collection that will provide ecologically based information for forest management planning and environmental assessment. The data collected includes growth and yield information to support timber supply modeling, and forest resource inventory and eco-site classifications.

The program is designed to provide maximum benefit to Pikangikum in terms of hiring and training community members and promoting sustainable environmentally sound forest practices. By developing community capacity, Pikangikum is leading and participating in forest management planning tasks as required by a Sustainable Forest License holder.

Alex says, "We are going to manage commercial forestry on our traditional lands and be in the "driver's seat" in the development of environmentally sound economic opportunities. The time has arrived for First Nations to lead the way in sustainable resource management using both indigenous knowledge and modern science for the benefit of our people."

The Whitefeather Forest Initiative is working together with the Ministry of Natural Resources in supporting Northern Boreal Initiative. The ultimate goal of the Northern Boreal Initiative is to provide First Nations with opportunities to take a leading role in land use planning and forest management.

"The entire community acknowledges the economic potential of this initiative," says Alex. "They feel, at long last, we will be able to leave a sustainable and prosperous legacy for our future generations."

Approved Projects 2002 / 2003

Project: Employment Opportunities with Brinkman & Associates
Grantee: Brinkman & Associates Reforestation Ltd.
Amount: $133,333

Project: 2003 LLT Proposal for Northern Ontario Thinning Training
Grantee: Outland Reforestation Ltd.
Amount: $60,000

Project: Tree Improvement Staff Support
Grantee: Pacific Regeneration Technologies Inc.
Amount: $88,000

Project: Youth Employment Opportunities on the English River Forest
Grantee: Haveman Brothers Forestry Services Ltd.
Amount: $100,000

Project: Ontario's Silviculture Foresters of Tomorrow Co-op Program
Grantee: Haveman Brothers Forestry Services Ltd.
Amount: $157,000

Project: Ontario's Silviculture Foresters of Tomorrow – Phase 2
Grantee: Haveman Brothers Forestry services Ltd.
Amount: $26,000

Project: Tree Improvement Job Creation
Grantee: Bowater Forest Products Division, Thunder Bay
Amount: $36,667

Project: Development of First-Generation Tree Improvement Programs in Northwestern Ontario
Grantee: Superior-Woods Tree Improvement Association
Amount: $268,974

Project: Staffing support for Tree Improvement
Grantee: Superior-Woods Tree Improvement Association
Amount: $40,000

Project: Forest Employment Opportunities in Ontario
Grantee: Ontario Metis Aboriginal Association
Amount: $406,000

Project: 2002 First Nations Summer Student Program
Grantee: Weyerhaeuser, Dryden
Amount: $26,083

Project: Aboriginal and Youth Employment Opportunities on the Whiskey Jack Forest
Grantee: Sneaky Wood Products
Amount: $80,000

Project: Market Research Study in the U.S. Great Lakes States
Grantee: Peter Woodbridge & Associates Ltd.,
Amount: $196,000

Project: Construction of New Dock & Boat Launch
Grantee: Municipality of Moonbeam
Amount: $15,000

Project: Greenstone Resource Access and Improvement
Grantee: Municipality of Greenstone
Amount: $201,066

Project: Temagami Canoe Route
Grantee: Sunrise Adventures
Amount: $33,695

Project: Interior Camping Trail – Greenwater Provincial Park
Grantee: Cochrane and Area Community Development Corporation
Amount: $15,000

Project Eagle's Nest
Grantee: Bancroft field Naturalists
Amount: $17,000

Project: Working Towards Better Fish & Deer Populations
Grantee: Haliburton Highlands Outdoor Association
Amount: $107,300 over two years

Project: Elk Restoration Near Four Rural Communities in Northwest and Central Ontario
Grantee: Provincial Elk Restoration Advisory Committee
Amount: $241,500

Legacy Forest

The Legacy Forest is a groundbreaking dynamic project that will put Ontario in the international forefront of forest science research.

This initiative by Thunder Bay's Lakehead University is being funded $933,170 by Living Legacy Trust. The project is funded through the Trust's science-related programs in forestry and ecology that were established to support strategic data collection and research to increase our understanding of Intensive Forest Management (IFM), while at the same time supporting an ecological approach to resource management.

Companies are looking to Intensive Forest Management practises that include silviculture activities to increase fibre yields and to sustainably manage the province's forests. However, due to the uncertain effects of IFM, especially on matters such as potential yields, returns of investment and ecological effects, more forest science research is required. The Legacy Forest initiative ensures that this necessary research will be undertaken.

Silvicultural activities encompass a variety of procedures ranging from the use of genetically improved stock in planting, to stand tending and fertilization, and sometimes the use of pesticides, in order to speed up timber growth and to improve the value and yield of stands. Silvicultural activities can be defined as extensive, to intensive or elite, depending on the amount of work done.

Dr. Reino Pulkki, Dean of the Faculty of Forestry and Forest Environment says, "One of the most unique aspects about the Legacy Forest is that we will be scaling research up to the landscape level. To date, most research has been done at the stand level. This has significant implications with respect to productivity and the conservation of biodiversity."

The project will operate with the cooperation of Bowater Forest Products Inc., Quetico Provincial Park, and other partners on the new Legacy Forest research site, almost a million hectare area in the Dog River-Matawin Forest and Quetico Park.

The Dog River-Matawin Forest is an area of Crown Land under license to Bowater Forest Products Ltd., while Quetico Park is a protected area with no forest industry activity. It will provide an excellent benchmark to test the effects of various levels of silvicultural intensities. The combined areas will be a "living field research laboratory" that will help researchers understand and measure how IFM operations affect forest ecosystems at the "landscape scale".

The Legacy Forest will also be ideal for providing a unique continuing education experience for forestry practitioners and other forest managers. It will contribute greatly to sustainable economic development of northwestern Ontario.

Approved Projects 2001 / 2002

Project: Product Parameter-Based Decision Support System for Jack Pine

Grantee: Forestry Research Partnership, Canadian Ecology Centre

Amount: $90,000 over three years

Project: Permanent Sample Plot Program

Grantee: Forestry Research Partnership, Canadian Ecology Centre

Amount: $285,000 over three years

Project: Technology Transfer

Grantee: Forestry Research Partnership, Canadian Ecology Centre

Amount: $405,000 over three years

Project: Competition Studies and Demonstration

Grantee: Forestry Research Partnership, Canadian Ecology Centre

Amount: $109,300 over three years

Project: Maximizing the Value of Ontario's Jack Pine Resource

Grantee: Forestry Research Partnership, Canadian Ecology Centre

Amount: $330,000 over three years

Project: Logging Damage Impacts and Mitigation in the Boreal and Great Lakes-St. Lawrence Forests

Grantee: Forestry Research Partnership, Canadian Ecology Centre

Amount: $94,000 over three years

Project: Forest Vegetation Simulator Model Validation for Ontario

Grantee: Forestry Research Partnership, Canadian Ecology Centre

Amount: $40,000 over three years

Project: Synthesis of Hardwood Research

Grantee: Forestry Research Partnership, Canadian Ecology Centre

Amount: $60,000 over two years

Project: Response of Advanced White Pine to Release

Grantee: Forestry Research Partnership, Canadian Ecology Centre

Amount: $20,000 over three years

Project: Characterization of Young, Fire Origin Forests in the Far North for Inventory Updates and Planning

Grantee: Long Lake Forest Products

Amount: $48,950

Project: Assessing the Effects of a Spruce Budworm Outbreak in the Boreal Forest

Grantee: Kimberly-Clark

Amount: $20,500

Project: Stand Level Decision Support Systems for Allowable Cut Effect

Grantee: Forestry Research Partnership, Canadian Ecology Centre

Amount: $107,500 over three years

Project: Intensive Forest Management Science Partnerships: NEBIE Plot Network

Grantee: Upper Lakes Environmental Research Network (ULERN)

Amount: $903,500 over three years

Forestry Impact on Northern Boreal Bird Populations

The boreal forests of northern Ontario and the rest of Canada represent one of the largest remaining wilderness areas in the world, a dynamic ecosystem that is integral to the health of the planet. Three to five billion birds migrate from these forests each year and many don't breed anywhere else.

Living Legacy Trust has funded Bird Studies of Canada $500,000 over two years to study the impact of forestry on bird communities in the boreal forests and to suggest solutions if bird populations at the landscape level are being negatively impacted by current practices.

Michael Bradstreet, Executive Director of Bird studies says, "If we want to ensure that the boreal forests remain healthy and can sustain a wide variety of biodiversity then we must study and assess the impact the forest industry has on these bird populations. There is currently very little data detailing the impact of forestry operations on bird numbers across the boreal forest."

Bird Studies Canada is recognized nation-wide as a leading and respected not-for-profit conservation organization dedicated to the study and conservation of wild birds and their habitats.

Ryan Zimmerling, Boreal Forest Bird Scientist says, "I was delighted that the forest companies were very supportive of this project. They are very interested in assessing and changing any negative long-term impacts their timber harvesting might have on bird populations in the boreal forest."

The project will study the variety and abundance of bird species in specially selected 10km x 10km square sections of forest in harvested and naturally burned sites. The sites will be of various ages and in seven eco-regions to determine whether the impacts of forest management are similar in different areas of the North.

"Preliminary analysis of trends seem to indicate that the variety and abundance of bird species in these squares are not as negatively impacted by timber harvesting as we previously thought in older sites that had more than twenty years to regenerate. The second year of study will help confirm our initial observations," says Ryan.

The project has made extensive use of Ontario parks for control sites to provide baselines for comparisons with managed areas, although additional natural sites have been selected to ensure all appropriate habitats are sampled.

"Living Legacy Trust really pushed us to partner with the forestry industry, government and other funding agencies and NGOs. I feel the project has really benefited from this wide diversity of partnerships. Everyone has a stake in ensuring that sustainable forestry practises can co-exist with northern Ontario's abundant and wide variety of bird species", says Michael. "This is a vital natural legacy we must pass on to the next generation."

Approved Projects 2001 / 2002

Project: Refinement of CENTURY, an Ecosystem Model for Black Spruce in Ontario

Grantee: Faculty of Forestry and the Forest Environment, Lakehead University

Amount: $39,375 over three years

Project: Acquisition of Ecologically-Based Site Index Information for Seven Major Hardwood Species in Central Ontario

Grantee: Faculty of Forestry and the Forest Environment, Lakehead University

Amount: $131,750 over three years

Project: Development of Focal Point Seed Zones for White Spruce in Northern Ontario

Grantee: Faculty of Forestry and the Forest Environment, Lakehead University

Amount: $140,210 over three years

Project: Boreal Permanent Growth Plot Program

Grantee: Forest Ecosystem Science Co-operative

Amount: $679,000 over four years

Project: Application of Remote Sensing Technology to Improve Forest Resources Inventories

Grantee: KBM Forestry Consultants

Amount: $96,500

Project: New Second Generation Breeding Programs

Grantee: Forest Ecosystem Science Co-operative

Amount: $1,812,000 over three years

Project: Field Guides for Seed Orchard Management and Second Generation Progeny Test Management

Grantee: Forest Ecosystem Science Co-operative

Amount: $42,500 over two years

Project: Can Boreal Forest Management Safely Emulate Natural Disturbance Patterns in Shoreline Forests?

Grantee: Forest Ecosystem Science Co-operative

Amount: $617,000 over three years

Project: Developing Mapping and Evaluation Methods to Help Resource Managers Lead Wetland Conservation in Ontario

Grantee: Ducks Unlimited Canada

Amount: $150,000 over two years

Project: Multi-scale Habitat Selection by Northern Flying Squirrels in the Great Lakes-St. Lawrence Forests (GL-StL)

Grantee: Faculty of Forestry, University of Toronto

Amount: $65,360 over three years

Project: Ontario Breeding Bird Atlas

Grantee: Federation of Ontario Naturalists

Amount: $190,000

Project: Bridge Replacements on the Redpine Road Corridor

Grantee: Smooth Rock Falls Anglers and Hunters

Amount: $43,320

Project: The Forest Fish

Grantee: Watershed Science Centre, Trent University

Amount: $462,700 over three years

Project: Effects of Timber Harvest on the Use of Aquatic Feeding Sites by Moose in the GL-StL and Transition Forests

Grantee: Westwind Forest Stewardship

Amount: $122,750 over three years

Boreal Forest Permanent Growth Plot Program

There is increasing pressure on forest managers to ensure that the boreal forests of northern Ontario are managed for the benefit of all. Through a sound scientific base of information on the ecological processes of forest growth and yield, we can ensure that our forested lands are utilized in the best manner for the benefit of the people of Ontario.

The Living Legacy Trust has funded the Forest Ecosystem Science Co-operative Inc. (Forest Co-op) with $679,006 over four years for the 'Boreal Forest Permanent Growth Plot (PGP) Program'. This program will substantially increase the network of permanent growth plots (PGPs) for both natural and managed forest conditions.

PGPs are circular 400 square meter plots of trees that are carefully measured in order to get a current snapshot of the health of the forest. PGPs have been established across a wide range of sites and stand conditions in both natural and managed forests. Over the years, the PGPs will be monitored to measure forest health and tree growth through various forest management practises.

The Forest Co-op is a non-profit co-operative that partners industry, business, government, research institutes and other organizations concerned with forest ecosystems. The organization is committed to the development of scientific and technical knowledge that will contribute to the best ecosystem management practices. These practices will ensure the environmentally sustainable development of northern Ontario's renewable resources.

The PGP project is administered through the Forest Co-op Growth and Yield Business Unit (Forest Co-op GYBU). Its mandate is to standardize both the collection of stand-level data and the development of estimation tools that provide the means to accurately portray the growth and yield of commercial forests in Ontario.

Dianne Miller, General Manager at Forest Co-op, says "Effective growth and yield programs are often too large and costly for an individual company to undertake. This co-operative allows members to pool resources and build a framework for ongoing, collaborative work in forest growth and yield in Ontario. Living Legacy Trust's financial contribution was a very important component to the long-term success of this project."

Current Forest Co-op GYBU members include: Bowater, Tembec, OMNR, Weyerhaeuser, Kimberly-Clark, Domtar, Abitibi-Consolidated, and Lake Abitibi Model Forest. All agree that the PGP project will be instrumental in standardizing growth and yield data collection methods, maximizing sampling efficiencies and creating a shared database and forest information system that integrates with others.

Three hundred and eighty-one permanent growth plots were completed in 2002 bringing the aggregate two-year total to 654 PGPs. Information generated from the data collected will be available to all resource managers in Ontario, and the public.

Approved Projects 2001 / 2002

Project: Environmental Impacts of Partial Harvesting in Riparian Reserves in Ontario's Mixedwood Forests

Grantee: Great Lakes Forestry Centre, Canadian Forest Service
Amount: $575,000 over three years

Project: Cat Lake and Slate Falls First Nations Community-Based Land-Use Planning Initiative

Grantee: Windigo First Nations Council
Amount: $283,000

Project: Whitefeather Forest Initiative – Biophysical Data Collection

Grantee: Whitefeather Forest Management Corporation
Pikangikum First Nation
Amount: $501,843

Project: Consultation with Respect to Meaningful Participation of CLFN in Forest Management Activities

Grantee: Constance Lake First Nation (CLFN)
Amount: $127,000

Project: Moose Cree Forestry Project

Grantee: Moose Band Development Corporation
Moose Cree First Nation
Amount: $497,978

Project: Community Land-Use Planning and Supporting Activities

Grantee: Whitefeather Forest Management Corporation
Pikangikum First Nation
Amount: $240,918

Project: Silviculture Employment Opportunities on the Kenogami Forest

Grantee: Geraldton Community Forest
Amount: $220,000 over two years

Project: To Increase Forest Employment in the French/Severn Forest

Grantee: Westwind Forest Stewardship
Amount: $40,000 over two years

Project: First Nation Ranger Program

Grantee: Bowater Forest Products Division
Amount: $46,800 over two years

Project: Youth Employment Opportunities in the Whiskey Jack and Dryden Forests

Grantee: Moose Creek Reforestation
Amount: $398,000 over two years

Project: Forest Employment Opportunities on the Armstrong Forest

Grantee: Clearwater Reforestation
Amount: $120,000 over three years

Project: Forest Employment Opportunities in the Crossroute Forest

Grantee: TimberRidge Land and Forestry Services
Amount: $120,000 over two years

Project: Ontario's Silviculture Foresters of Tomorrow – Phase 2

Grantee: Haveman Brothers Forestry Services
Amount: $80,000

Project: Loring Deer Yard Tolerant Hardwood Stand Improvement

Grantee: Nipissing Forest Resource Management
Amount: $465,000 over three years

Clergue Forest Management Inc. Road Improvement

Clergue Forest Management Inc. (CFMI) holds the sustainable forest licences (SFL) for the Algoma and Wawa forests. These forests cover an area from north of Sault Ste. Marie to Wawa and west to Pukaskwa National Park. Clergue is a cooperative SFL with five partner companies: Columbia Forest Products, Domtar Inc., Weyerhaeuser Company Ltd., Midway Lumber Mills and St. Marys Paper Ltd.

Clergue is specifically responsible for forest planning, silviculture operations, information collection and compliance activities in the Algoma and Wawa forests which in total encompass over 1 million hectares of Crown forest in some of northeastern Ontario's most rugged and breathtaking scenery.

Jim Miller, R.P.F. General Manager at CFMI says, "The partner companies that make up Clergue recognize that the Algoma forest is used by many people for recreational, tourism and economic purposes in addition to timber harvesting. All these users access the forest through an extensive network of roads that the forest industry maintains. These roads provide excellent opportunities for activities such as hunting, fishing, hiking, camping and mountain biking."

Clergue demonstrated significant relevance to the Living Legacy Trust's purposes and was awarded $323,000 over two years to improve road access in the Algoma forest. The grant was made under funding program 2, which targets improvements to multi-purpose resource access roads on Crown Land, specifically improvements necessary due to changes in resource uses, and the movement of resource users and products resulting from government land-use decisions.

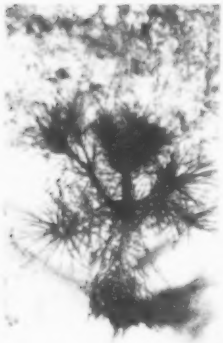
Jim says, "With the addition of new protected areas on the Algoma Forest, it is expected that recreational traffic will increase. Based on current road standards, this will make conditions unsafe for both recreational users and trucks hauling logs. With the loss of this land base, less timber will be available for harvesting and as a result road construction and maintenance costs will increase."

The project will improve approximately 34 kilometers of the Domtar, Way-White and Ranger Northwest roads. The work will improve the efficiency of hauling and help control wood costs by upgrading the layout of the road.

"The Government recognized that the removal of timber producing lands would have a negative impact on the forest industry. The Living Legacy Trust's "multi-purpose access roads" program has addressed some of the negative economic impacts on the forest industry and will make roads much safer for both recreational users and truckers hauling wood," says Jim.

Clergue has demonstrated a commitment to sustainable forest management and the conservation of our northern forests. This innovative project recognizes the potential to provide for both the recreational use of the forest and the management of the forest for timber products.

Approved Projects 2001 / 2002



Project: "Conservation Starts at the Tree"
Grantee: Ontario Professional Forest Workers Training Registry
Amount: $20,000

Project: Youth Employment Opportunities on the Whiskey Jack Forest
Grantee: Abitibi-Consolidated – Kenora
Amount: $28,333

Project: Forest Employment Opportunities in the Bancroft Minden Forest
Grantee: Bancroft Minden Forest Company
Amount: $60,000 over three years

Project: Employment Opportunities in the Mazinaw-Lanark Forest
Grantee: Mazinaw-Lanark Forest
Amount: $19,800 over three years

Project: Forest Employment Opportunities in the Smooth Rock Falls Forest
Grantee: Tembec Industries
Amount: $20,000

Project: Ontario's Silviculture Foresters of Tomorrow
Grantee: Haveman Brothers Forestry Services
Amount: $200,000 over two years

Project: Employment Opportunities – Dryden area
Grantee: Outland Reforestation
Amount: $600,000 over three years

Project: Youth Employment Opportunities on the High Rock and Fort Frances-Flanders Forest
Grantee: Abitibi-Consolidated – Fort Frances
Amount: $40,000 over three years

Project: Road 100 Multi-Purpose Road Improvement White River Forest
Grantee: Domtar – White River
Amount: $287,095

Project: A Project to Improve Forest Access on the Algoma Forest
Grantee: Clergue Forest Management
Amount: $323,000 over two years

Project: Road 1002 Multi-Purpose Road Improvement Pineland-Martel Forest
Grantee: Domtar – Timmins
Amount: $230,698

Haliburton Highlands Outdoors Association Fish and Deer Projects

The Haliburton Highlands, with a population of 10,000, are an important cottage and tourist resort area for central Ontario. The many lakes offer abundant sports fishing while the influx of deer hunters to the many resorts and camps provide needed employment for this predominately rural part of the province.

The Living Legacy Trust has awarded the Haliburton Highlands Outdoors Association (HHOA) $107,300 over two years to improve deer and fish habitat.

HHOA is a non-profit organization committed to the sustainable management of natural resources. Their 370 members are a diverse group of permanent and seasonal residents. Over the past ten years, HHOA has undertaken numerous initiatives to improve wildlife and fish habitat in cooperation with the Ministry of Natural Resources and with private landowners. The Living Legacy Trust funding builds on the continuing work being undertaken by the HHOA to help ensure our natural resources remain healthy and continue to support abundant wildlife and fish populations that are an integral part of the local tourist sector and outdoor industries.

In early spring, the availability of emerging vegetation is essential for the survival of deer, especially during severe winters. The land-seeding project improves the habitat by seeding newly abandoned or log damaged areas in the fall to provide the appropriate forage for deer when the snow melts. In addition, the HHOA have established two strategically placed snow monitoring stations to provide better feed requirement information and data collection to increase winter survival rates for deer.

Larry Hewitt, Project Manager, says, "It is through the dedication of our volunteers and members that has allowed our organization to lower project costs and maximize the success of the wildlife and fish habitat improvement initiatives. We could never have accomplished our goals without the hardworking volunteers and members."

To meet high angling pressures in the Haliburton Highlands, the area lakes have historically been restocked each year. Lake Trout is the most sought after species by local and visiting anglers. The Haliburton Gold Lake Trout Restoration project will reintroduce a trout strain that is genetically unique. The Haliburton Gold Lake Trout is somewhat smaller, but very hardy sub-species, capable of withstanding local natural challenges better that other Lake Trout strains. The young fry are raised at the HHOA fish hatchery and used to supplement the stock of local lakes.

As part of the project, HHOA is also rebuilding Lake Trout spawning beds to recreate shoals in damaged shorelines or areas frequently impacted by low water levels. This aids in the recovery of natural fish populations, reduces the necessity of stocking fish and helps sustain the local tourist economy.

"The financial support of Living Legacy Trust, along with other government, corporate and community partners have been essential in contributing to the sustainable management of fish and wildlife populations, creating employment and educating the next generation on the value of this province's natural ecological heritage," says Larry.

Approved Projects 2000 / 2001

Project: Multi-scale Habitat Selection by American Martens in the GL-StL Forests of Central Ontario

Grantee: Algonquin Forestry Authority / University of Toronto Forestry Faculty

Amount: $54,740

over three years

Project: The Link between Aquatic Habitat and Fish Productivity

Grantee: ULERN

Amount: $364,800

over three years

Project: An Operational Methodology for Measuring and Analyzing Bio-indicators to Support Sustainable Forest Management

Grantee: Great Lakes Forestry Centre, Canadian Forest Service

Amount: $538,890

over three years

Project: Development of an Acoustic Methodology for Estimating Fish Abundance and Sustainability

Grantee: J.C. Headwaters Canada

Amount: $399,292

over three years

Project: Development of an International Standard for Fish Community Assessment

Grantee: Department of Biology, Laurentian University

Amount: $440,082

over three years

Project: 19 separate forestry-related projects in the FRP program

Grantee: Forestry Research Partnership (FRP), Canadian Ecology Centre

Amount: $382,545

Project: Community Land-Use Planning – Interim Program

Grantee: Whitefeather Forest Management Corporation Pikangikum First Nation

Funding: $160,000

Project: Community Land-Use Planning – Interim Program

Grantee: Moose Band Development Corporation

Amount: $150,000

Project: Phase One – Assessment of Ontario's Solid Wood Value-Added Sector

Grantee: Jaakko Poyry Consulting

Funding: $295,000

Rainy River First Nations Resource Stewardship Framework

The Rainy River is a 128 kilometre border waterway between northwestern Ontario and northern Minnesota. Rainy River First Nations is located approximately 40 kilometres west of Fort Frances on Highway 11. Since 1997, the Rainy River Watershed Program has been committed to using traditional ecological knowledge and values, in combination with current natural resources management techniques, to enhance and sustain the aquatic resources in the watershed.

Living Legacy Trust has awarded the Rainy River First Nations $179,000 for a Resources Stewardship Framework model focused on fishery resources on the Rainy River.

Martin Nantel, Rainy River First Nations Watershed Program Coordinator says, "There has always been an intrinsic relationship between Rainy River First Nations and the surrounding natural resources, especially the fisheries and fish habitat resources that have provided for their sustenance."

This proposal enabled the Rainy River First Nations and their partners to strengthen joint arrangements for the protection and enhancement of fish stocks and their habitats for the social and economic well being of stakeholders and the First Nations community. The partners include four federal departments, three provincial ministries and several watershed municipalities.

The resulting Fisheries Resource Stewardship Framework sets out a co-ordinated approach to development and land use in the watershed area. It provides direction to everyone involved in land-based activities that may affect the resources of the watershed.

The project included communications with stakeholders, a gap analysis, related field investigations and data collection in an effort to prioritize river and land restoration needs. One of the research projects aims to identify spawning and nursery habitats of the recovering lake sturgeon population. In another, a riparian habitat inventory on the river and its major tributaries was conducted. Land cover information for riparian zones will be used to protect and enhance fisheries habitat from potential negative impacts associated with adjacent land use practises.

Other studies included the analysis of water quality on the tributaries of the Rainy River, and the testing of fish for potential environmental contamination. The last contaminant study was completed in 1990 and an update was required to ensure consumption guidelines were still appropriate. Results of the study will appear in the 2003 edition of the Ontario Guide to Eating Sports Fish.

Chief Gary Medicine of Rainy River First Nations says "This is the first such initiative under the leadership of a First Nation and may serve as a model for other Aboriginal groups to follow. This project goes beyond the usual consultation approach and allows Rainy River First Nations a lead role in coordinating a model resource stewardship framework."

A major benefit of this project is the opportunity to build expertise and skills within the Rainy River First Nations community in order to take on increasingly active roles in resource management. The many partners in this project allow a much greater impact from a large pool of experts and resources that will ultimately contribute to the success of this initiative – an integrated approach to resource management.

By assisting in the protection and enhancement of the fish habitat and fish populations in the Rainy River area this project will provide a legacy for generations to come.

Living Legacy Trust

Statement of Financial Position

March 31, 2003, with comparative figures for 2002

	2003	2002
Assets		
Investments:		
Cash and short-term investment funds	$ 13,148,214	$ 7,658,735
Interest receivable	59,248	322,185
Investments	5,469,596	19,049,104
Prepaid expense	6,996	7,912
	$ 18,684,054	$ 27,037,936
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	$ 42,460	$ 45,563
Grants payable	12,191,760	9,718,424
	12,234,220	9,763,987
Net assets	6,449,834	17,273,949
Lease commitments		
	$ 18,684,054	$ 27,037,936

Living Legacy Trust

Statement of Expenditures and Revenue and Changes in Net Assets

Year ended March 31, 2003, with comparative figures for 2002

	2003	2002
Expenditures:		
Grants:		
Loss of use of Roads and Bridges	$ 57,847	$ –
Multi-purpose Access Roads	121,000	841,063
Far North Forest Development	1,625,137	1,650,739
Forest Science Data Collection and Research	1,936,370	6,072,091
Forest Employment Opportunities	3,257,955	2,477,933
Value-added Wood Manufacturing	196,000	–
Scientific Data on Fish and Wildlife	972,162	763,110
Ecological Approach to Fish and Wildlife Management	1,889,032	802,700
Benefiting Northern Communities through Fish and Wildlife Resources	630,562	43,320
	10,686,065	12,650,956
Administrative:		
Human Resources	414,730	377,930
Operating	100,925	102,525
Program	260,056	154,273
Board	76,525	101,582
Professional	69,105	76,061
Office	29,123	17,997
	950,464	830,368
	11,636,529	13,481,324
Revenue:		
Interest	1,336,895	1,768,171
Realized loss	(524,481)	(213,876)
	812,414	1,554,295
Excess of expenditures over revenue	(10,824,115)	(11,927,029)
Net assets, beginning of year	17,273,949	29,200,978
Net assets, end of year	$ 6,449,834	$ 17,273,949

Living Legacy Trust

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Living Legacy Trust

Statement of Cash Flow

Year ended March 31, 2003, with comparative figures for 2002

	2003	2002
Cash provided by (used in):		
Operations:		
Excess of expenditures over revenue	$ (10,824,115)	$ (11,927,029)
Change in non-cash operating items:		
Interest receivable	262,937	199,242
Accounts payable and accrued liabilities	(3,103)	1,691
Grants payable	2,473,336	8,033,668
Prepaid expense	916	(5,557)
	(8,090,029)	(3,697,985)
Investments:		
Net proceeds on marketable securities	13,579,508	7,437,111
Increase in cash and short-term investment funds	5,489,479	3,739,126
Cash and short-term investment funds, beginning of year	7,658,735	3,919,609
Cash and short-term investment funds, end of year	$ 13,148,214	$ 7,658,735

Conflict of Interest Policy

Members of the board of directors of the Living Legacy Trust are active in their communities, participating in a wide range of interests and activities. This means that, from time to time, conflicts of interest may arise.

The Living Legacy Trust has a conflict of interest policy that prohibits board members with a conflict of interest relating to a specific proposal to the Trust from participating in the decision-making process relating to the proposal in question.

Living Legacy Trust

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Michael Power
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Nominated by Association of Municipalities of Ontario

Russ Hughes
Vice Chair
Member-at-Large

John McCutcheon
Secretary/Treasurer
Nominated by World Wildlife Fund Canada

Ric Symmes
Nominated by Federation of Ontario Naturalists

Frederick Gilbert
Nominated by Lakehead University

John S. Burke
Nominated by Ministry of Natural Resources

Marvi Ricker
Member-at-Large

Lorne Crawford
Nominated by Ontario Forest Industries Association

Maureen Prendiville
Nominated by Ontario Lumber Manufacturers' Association

Kelly Mitchell
Member-at-Large

Charles Alexander
Member-at-Large

Executive Committee

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Russ Hughes
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John McCutcheon
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Ontario Lumber Manufacturers Association

Steve Banducci
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Natural Resources Canada

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Pam Gilliland

Program Analyst
Geraldine FitzGerald

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Karan Aquino

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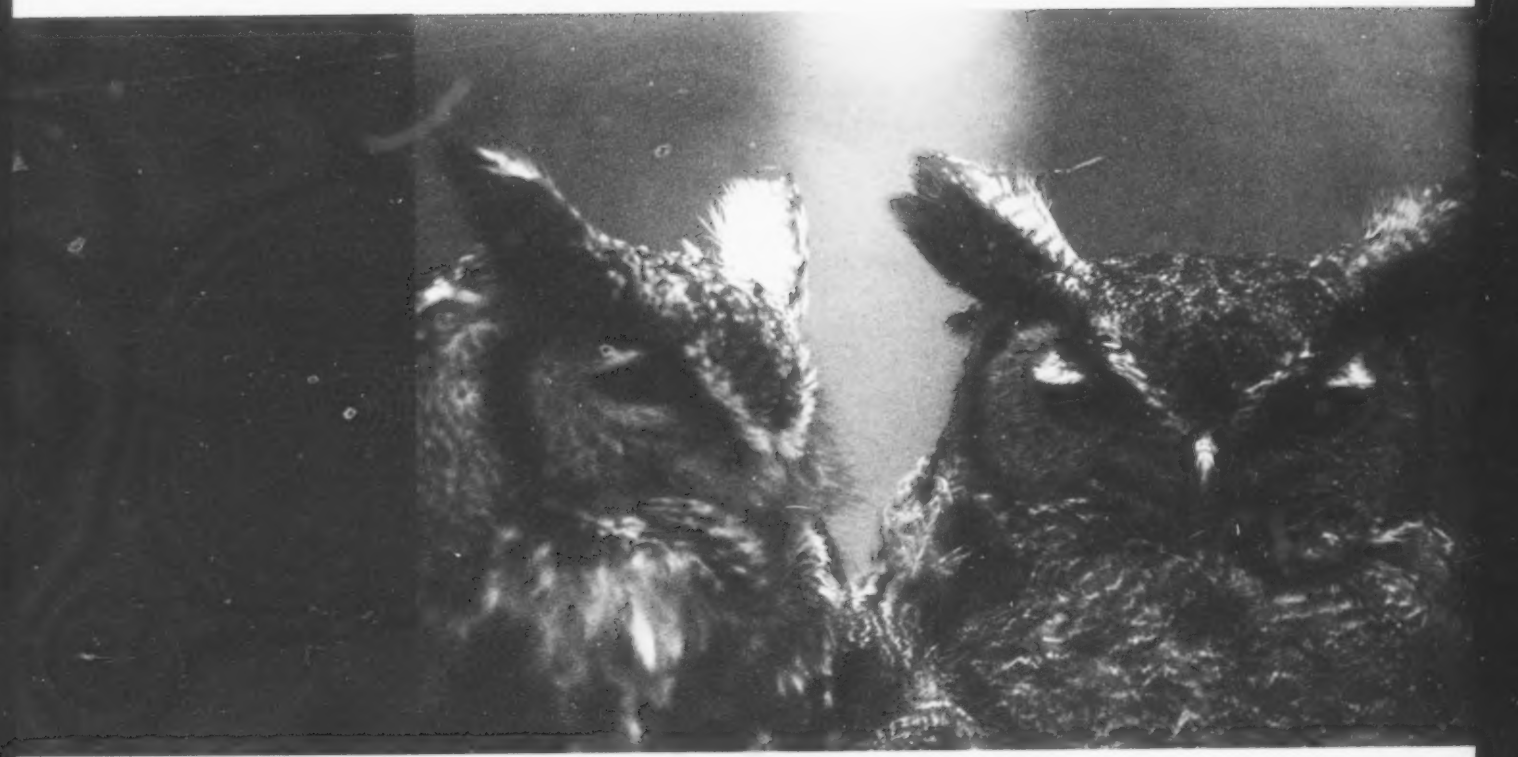
Cheryl Kanwar



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